

HOUSE BILL NO. 764

INTRODUCED BY M. MILBURN, ARNTZEN, BOGGIO, DUTTON, HEINERT, L. JONES, KLOCK,  
MENDENHALL, STAHL

A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING THE INSURANCE COMMISSIONER PURSUANT TO  
A DIRECTIVE FROM THE UNITED STATES CONGRESS TO WORK COLLECTIVELY WITH OTHER STATES  
TO DEVELOP AND IMPLEMENT APPROPRIATE STANDARDS TO PROTECT ACTIVE DUTY MEMBERS OF  
THE ARMED FORCES FROM DISHONEST AND PREDATORY INSURANCE SALES PRACTICES WHILE ~~ON~~  
~~A MILITARY INSTALLATION~~ LOCATED IN THIS STATE; AUTHORIZING THE INSURANCE COMMISSIONER  
TO IMPLEMENT A SYSTEM FOR THE RECEIPT AND DISSEMINATION OF REPORTS FROM  
GOVERNMENTAL AGENCIES AND INSURERS OF DISCIPLINARY ACTIONS TAKEN BY FEDERAL OR  
STATE GOVERNMENT ENTITIES OR INSURERS AGAINST PERSONS THAT SELL OR SOLICIT THE SALE  
OF ANY LIFE INSURANCE PRODUCT ~~ON A MILITARY INSTALLATION~~ TO ACTIVE DUTY MEMBERS OF THE  
ARMED FORCES; AUTHORIZING THE INSURANCE COMMISSIONER TO ADOPT RULES; AND PROVIDING  
AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

**NEW SECTION. Section 1. Protection of ACTIVE DUTY members of armed forces -- rulemaking authority.** (1) (a) As used in this section, "life insurance product" means any product, including individual and group life insurance, funding agreements, and annuities, that provides insurance for which the probabilities of the duration of human life or the rate of mortality are an element or condition of insurance.

(b) The term includes the granting of:

(i) endowment benefits;

(ii) additional benefits in the event of death by accident or accidental means;

(iii) disability income benefits;

(iv) additional disability benefits that operate to safeguard the contract from lapse or to provide a special surrender value or special benefit in the event of total and permanent disability;

(v) benefits that provide payment or reimbursement for long-term home health care or long-term care in a nursing home or other related facility;



1 (vi) burial insurance; and

2 (vii) optional modes of settlement or proceeds of life insurance.

3 (c) The term does not include workers' compensation insurance, health insurance, disability insurance,  
4 property and casualty insurance, or life insurance products specifically contracted by or through the federal  
5 government.

6 (2) As provided in Public Law 109-290, in cooperation with the national association of insurance  
7 commissioners, the commissioner shall:

8 (a) work collectively with other states to develop and implement appropriate standards to protect ACTIVE  
9 DUTY members of the armed forces from dishonest and predatory insurance sales practices ~~while on a military~~  
10 ~~installation in this state~~;

11 (b) identify this state's role in promoting standards developed pursuant to subsection (2)(a); and

12 (c) work collectively with other states to implement a system to receive and disseminate reports of  
13 disciplinary actions taken by federal or state government entities or insurers against persons that sell or solicit  
14 the sale of any life insurance product ~~on a military installation~~ TO ACTIVE DUTY MEMBERS OF THE ARMED FORCES.

15 (3) (a) The commissioner may adopt rules for:

16 (i) written disclosures to be used in the sale or solicitation of any life insurance product to ACTIVE DUTY  
17 members of the armed forces and their dependents to protect the members or the members' dependents from  
18 dishonest and predatory insurance sales practices ~~while on a military installation~~ LOCATED in this state;

19 (ii) requiring insurers to implement a system to report to the commissioner:

20 (A) disciplinary actions taken by a federal or state government entity with respect to sales or solicitations  
21 of life insurance products ~~on a military installation~~ TO ACTIVE DUTY MEMBERS OF THE ARMED FORCES that the insurer  
22 knows or in the exercise of due diligence should have known were taken; and

23 (B) significant disciplinary action taken by the insurer with respect to sales or solicitations of life  
24 insurance products ~~on a military installation~~ TO ACTIVE DUTY MEMBERS OF THE ARMED FORCES of this state.

25 (b) Rules adopted by the commissioner must be consistent with and may not go beyond the scope of:

26 (i) any model regulations that are adopted by the national association of insurance commissioners in  
27 response to a directive from the United States congress in Public Law 109-290, directing that the states ensure  
28 implementation of appropriate standards to protect ACTIVE DUTY members of the armed forces from dishonest and  
29 predatory insurance sales practices ~~while on a military installation~~;

30 (ii) rules or regulations adopted by the secretary of defense pursuant to Public Law 109-290; and

1 (iii) the requirements of Public Law 109-290.

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3 NEW SECTION. **Section 2. Codification instruction.** [Section 1] is intended to be codified as an  
4 integral part of Title 33, chapter 18, part 1, and the provisions of Title 33, chapter 18, part 1, apply to [section 1].

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6 NEW SECTION. **Section 3. Effective date.** [This act] is effective on passage and approval.

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